



Financial Security... for Life

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*Testimony of the American Council of Life Insurers
Before the Joint Committee on Insurance & Real Estate
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**Senate Bill 959- An Act Concerning The Grace Period For Life Insurance Policies And
Designation Of Third Parties To Receive Cancellation Notices**

Senator Crisco, Representative Megna and members of the Joint Committee on Insurance & Real Estate, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments on **Senate Bill 959- An Act Concerning The Grace Period For Life Insurance Policies And Designation Of Third Parties To Receive Cancellation Notices**. The proposal places an unnecessary administrative burden on insurers, therefore, ACLI opposes adoption of Senate Bill 959.

Life insurance is a key part of the Connecticut's economy. The state is fortunate to have a strong group of domestic life insurance companies located here. The life insurance industry directly employs 37,000 Connecticut residents and supports an additional 54,000 related jobs in the state. In addition, life insurers invest approximately \$80 billion in Connecticut's economy.

Similar to most states, Connecticut law requires a 30-day grace period for non-payment of premium during which the policy remains in force. This timeframe gives the policy owner sufficient time to remit their overdue premium. The 60-day grace period for policies renewed, amended, or endorsed after October 1, 2013 is unnecessary and puts an additional burden on insurers selling in Connecticut.

Insurers routinely receive and process many administrative requests such as change of address and change of beneficiary. A request for a third party designee is similar, and those are processed as other requests. There is no necessity for a law adding burdensome and unworkable restrictions to this type of administrative function.

The administrative requirements contained in Senate Bill 959 are needlessly complex. An insurer should be able to rely on any designations it receives immediately. Under the proposal, companies will not be able to immediately act upon directives they receive but will instead have to create pending files and monitor whether all parties have received various notices. For example, the proposal requires that a third party designee must accept such designation in writing before the insurer can implement the request. Further, once accepted, the termination of the designation by the owner requires that notice be given to the third party, and termination by the third party requires notice to the owner. It may not seem significant, but the current proposal will create considerable administrative costs.

Thank you for your consideration of our position. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202)624-2463 with any questions.

ACLI is a trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 233 ACLI member companies licensed to do business in Connecticut, accounting for 90 percent of the ordinary life insurance in force in the state.